

25X1

Page Denied

Next 1 Page(s) In Document Denied

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CONFIDENTIAL

25X1

Subject: The Polish Ministry of Construction: Role and Performance of the
Basic Enterprises

25X1

- I. The present role of the central administrations in the construction industry
- II. The organization of central administration subordinated to the Ministry of Construction and Building Materials Industry
- (A) Local or regional administrations of the construction industry
 - (1) Subordinated construction enterprises
 - (2) Yearly financial construction plans of the enterprises
 - (B) The principles of the basic national construction-assembly production
 - (1) Specialized national construction administrations
 - (2) Steel Construction Administration "Mostostal"
 - (3) Industrial Installations Administration
 - (4) Electrical Equipment Assembly Administration
 - (5) Administration for Electric Power Plants Construction
 - (6) Administration for Urban Engineering Work
 - (7) Administration for Hydraulic Engineering Work
 - (8) Civil Engineering Construction Enterprises
 - (9) Summary
 - (10) Foreign contracts made by the Export Center for Complete Industrial Installations (CEKOP)

CONFIDENTIAL

CONFIDENTIAL

- end -

CONFIDENTIAL

14. The present role of the central administrations in the construction industry.

The realization of the state investment plan is the most important of all *the* diverse responsibilities of the Ministry of Construction and Building Materials Industry.

This task is implemented by the state construction enterprises supervised by the Ministry. There are about 250-270 enterprises of various types, and for that reason the Ministry is unable to supervise them directly but makes use of state business organizations called central administrations.

The composition, role and responsibilities of these central administrations has changed at least three times since 1945. During the period 1951-1956, the central administrations were extremely centralized and dictated almost every part of the activity of their subordinated enterprises. In fact at this time the central administrations managed the enterprises. At the same time, these central administrations were in Warsaw as integral parts of the Ministry and were kept on the Ministry's budget. In this way they became pure "offices" and administered in a very bureaucratic way. This bureaucratic system of management produced reaction, and was publicly condemned in 1956 during the national convention of construction. Since that time there has been a slow retreat from the centralized system of administration.

The following measures were undertaken:

- a. Ministries were again merged: Ministry of City and Settlement Construction with the Ministry of Industrial Construction in 1956, into Ministry of Construction, returning to the situation which existed in 1950;
- b. A decree about the rights of directors of enterprises was issued by which some rights of central administrations were given to enterprises and some rights of the Minister of Construction were transferred to the central administrations;

~~CONFIDENTIAL~~

- c. In 1957, a part of the central administrations were transferred to provincial, voivodship towns where they were under stronger influence from the local voivodship authorities. This was the so-called "removal from Warsaw".
- d. In connection with this move, the entire organizational structure of the Ministry had to be changed and the principle of regional division accepted; at the same time because the word "central" (centralny) was hated by the people who understood it not as principal or main but as centralized, these regional central administrations were renamed voivodship or regional administrations of the construction industry.
- e. The creation of Workers' Councils in all enterprises required increased delegation of authority to the enterprise (this should not be confused with the authority of a director of an enterprise whose authority was decreased with the coming of the Workers' Councils) and decrease of authority of superior authorities.
- f. The next step was the introduction of a charge on all enterprises which was used for the upkeep of the former central administrations, as their superior authorities. The offices and personnel of the regional administrations were no longer paid from the state budget, but from the contributions which amounted to 2% of the turnover of all enterprises. Such system was in force before from 1945-1950. This is not a formality. This 2% charge means that the regional or voivodship administration of construction is supported by the enterprises subordinated to it. That it has to serve the enterprises and not only administer and to dictate them what they have to do.
- g. A further step was the creation of a council on the level of the regional administration of construction composed of directors of all subordinated enterprises which was a kind of a collegium and could make resolutions binding as well as enterprises as administrations.
- h. Finally came the revival of Peoples' Construction Enterprise (SPB). A part of establishments, depots, etc. which were nationalized in 1951 were returned,

CONFIDENTIAL

and SPB employs about 20,000 persons and owned 70 small plants in 1959. SPB existed from 1945 to 1951 and during this period was one of the largest construction organizations in Poland. In 1950 SPB made a "Voluntary resolution" about its own dissolution and applied to the government for nationalization.

In connection with the above steps, the character of the former central administration changed at least theoretically from a central management and administrative organ to an economic association. There was however some trouble with the name "association" in the construction industry because several large construction enterprises had used this name for a long time and for this reason the former central administrations since January 1959 use the following names:

- central administration of.....(only few and it will gradually disappear)
- administration of ... (zarzad)
- association of... (zjednoczenie)

At the same time the enterprises are using the names:

- enterprise (przedsiębiorstwo)
- association (zjednoczenie)

For this reason in order to avoid confusion the following general definitions will be used: for an enterprise - enterprise

for former central administration the
name - a d m i n i s t r a t i o n

2 X. The final step in this decentralization was the transfer in May 1959, of the supervision of the housing construction in Silesia to the Voivodship People's Council in Katowice; and of all construction in Lublin voivodship to the Voivodship Peoples Council in Lublin. It is a testing move to find out if the provincial people's councils are able to control properly the construction industry. The experiments with the county construction enterprises which were

CONFIDENTIAL

CONFIDENTIAL

created for carrying out construction in rural areas were not very encouraging. The Voivodship People's Council in Katowice is well prepared for this task, but in general the central authorities complained that the provincial people's councils do not know how to control the construction industry. The provincial people's councils on their part complained also, that the central government authorities overburdened them with their central bureaucratic orders.

The following sentence in an article published in Trybuna Ludu on 3 June 1959, on page ³, under the title "What about the further decentralization of people's Councils" is the proof of a bureaucratic approach to decentralization:

...."An avalanche of orders, circular letters, instructions by which the central authorities are still trying to make the people's councils "happy" is unfortunately not stopped yet and the codification of laws and administrative instructions is still in the sphere of discussions".....This decentralization, which is carried out in all industries under pressure from workers self government, by directors of enterprises and by the people's councils is still nominal and insincere in many cases. The ministries and central administrations are not willing to give up their power and for this reason there is a fight going on between enterprises and people's councils on one side, ministries and administrations on the other.

All this decentralization of authority was announced by Gomulka, in October 1956, as a part of a new economic model of Poland, however not much of this new model remained intact because the basic elements of the economic centralism were not changed.

Despite further decentralization of the Polish economy, the year 1958 also

CONFIDENTIAL

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brought some return of centralized administration. The tempo of organization of a new economic model announced by Gomulka in 1956 was retarded mainly by:

- a. keeping some prices below the cost of production
- b. checking of authority of Workers' Councils which ^{were} put under the influence of the Basic Party Organizations
- c. restoration of priority of the heavy industry and other centrally administered industries
- d. increase of investment outlays from 17 to 18.7% and even in 1965 to 20% of the national income according to the new program of the II Plenum of C.C. PZPR in June 1959, which causes tension in construction material supply, and need for central distribution
- e. Restoration of a rigorous control of the wage fund
- f. still existing and increasing difficulties for development of private initiative
- g. return to central obligatory standard control coefficients

According to a Trybuna Ludu article of 17 May 1959 the chairman of the Economic Council, Oskar Lange, at its meeting on 16 May 1959 made some critical remarks as follows:

....."Professor Lange lingered broadly on the problem of changes of the economic model and stated that the changes had until now rather an organizational character, while the advantageous part of these changes has not yet followed. As a result, there is a pause in reorganization of the management system, which is filled up with more directives and decisions of a centralized character. This refers mainly to financial matters which reduces the effects which we could obtain from the increase of the delegation of authority to enterprises"...

In general the decentralization campaign is not carried out properly and is rather insincere. The employees of the enterprises say that there was only a change of name from central administration to administration or to association but no changes of management methods. At present a discussion is going on in Poland as to whether this decentralization is only "repainting of the signboard",

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or as the government is announcing it is really a change of the substance.

Former Minister Szyr explained during the economic meeting in January 1959 that the government wants the new associations or administrations to become economic and not administrative units. Szyr also stated that the new organization and decentralization lowered in the entire country and in all industries:

- the number of administrative superior levels (authorities) by 22%
- the employment in former central administrations and in present associations by 18%
- the employment at ministries by 28%
- the number of departments in individual ministries by 26%

(Source Trybuna Ludu, 1 February 1959)

These figures should be accepted with reservation because other factors influenced the reduction of personnel, especially the governmental action to reduce the administrative personnel carried out since 1956 and the merger of several ministries, in 1957.

Summing up, it can be stated that a decentralization campaign with a great propagandistic effort was started but in fact the results are weak because the principal elements of the centralized economic system in Poland are still unchanged and the introduction of the new economic model as expected by the Economic Council in 1957, was retarded.

2.5. The organization of central administrations subordinated to the Ministry of Construction and Building Materials Industry.

Owing to the heterogenous production and service functions performed by the Ministry, it controls a number of administrations of various types as follows:

- a. Administrations of basic construction-assembly production - regional
- b. Administrations of basic construction-assembly production - national
- c. Service and commercial administrations
- d. Administrations of essential industrial production

CONFIDENTIAL

6

CONFIDENTIAL

- e. Voivodship administrations supervised only functionally by the Ministry and subordinated administratively to the people's councils
- f. Associations, or state exempted enterprises (Panstwowe przedsiebiorstwo wyodrebnione), with the rights of central administrations of regional and of national type.

Each of these seven types will be described shortly:

A. Local or regional administrations of the construction industry.

Both names are used "Local administration of construction" (terenowy zarzad budownictwa) ~~or~~ "Regional administration of construction" (Rejonowy zarzad budownictwa) e.g. Krakow Construction Administration (briefly Krakowski Z.B.) or Silesian Construction Administration (Slaski Z.B.) so the word local or regional is not used in the official name in order to avoid confusion with the local construction enterprises subordinated to the people's councils.

These construction administrations were organized as late as 1957 and during the entire year of 1957 their organization and reorganization was carried out, until their final responsibilities were established and approved beginning 1 January 1958. It was planned as a rule that in each voivodship town (seat of the voivodship administration) there would be an administration of construction which would serve the whole voivodship area. It was found in practice however that some voivodships, have a very small construction investment plan and that it was not worthwhile to organize a separate construction administration for them. Poland has at present 17 voivodships and five cities regarded as voivodships, the so-called exempted cities (miasta wyodrebnione) Warsaw, Lodz, Krakow, Wroclaw and Poznan.

For that reason there are 22 independent voivodship administrative units but only 14 administrations of construction as follows:

- (1) Warsaw Construction Administration (Stoleczny Zarzad Budownictwa Warszawa)
- (2) Lodz Construction Administration (Lodzki Zarzad Budownictwa)
- (3) Krakow Construction Administration (Krakowski Zarzad Budownictwa)

CONFIDENTIAL

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- (4) Kielce Construction Administration (Kielecki Zarząd Budownictwa)
- (5) Lublin Construction Administration (Lubelski Zarząd Budownictwa)
- (6) Rzeszow Construction Administration (Rzeszowski Zarząd Budownictwa)
- (7) Poznan Construction Administration (Poznanski Zarząd Budownictwa)
- (8) Pomerania Construction Administration (Pomorski Zarząd Budownictwa)
located in Bydgoszcz.
- (9) Gdansk Construction Administration (Gdanski Zarząd Budownictwa)
- (10) Szczecin Construction Administration (Szczecinski Zarząd Budownictwa)
- (11) Wroclaw Construction Administration (Wroclawski Zarząd Budownictwa)
- (12) North-East Construction Administration (Polnocno Wschodni Zarząd Budownictwa)
located in Warsaw.
- (13) Silesian Administration of Urban Construction (Slaski Zarząd Budownictwa
Miejskiego)
- (14) Silesian Administration of Industrial Construction (Slaski Zarząd
Budownictwa Przemysłowego).

The above division was the result of long discussions and a compromise between the responsibilities of the chairmen of the Voivodship People's Councils, each of whom demanded that his voivodship have a separate administration of construction, and the Ministry of Construction, which had to take into account the possibilities of making a profit on these very expensive administrations. The Ministry of Construction was of the opinion that an administration of construction could be organized if its yearly contracts exceeded 600 million zlotys.

The Olsztyn, Bialystok and Warsaw provincial (excluding capital city of Warsaw) voivodship^s in 1957 had contracts for construction amounting to from 300 to 400 million zlotys, therefore only one mutual North-Eastern Construction Administration was created for these three voivodships.

The Koszalin voivodship was served by the Gdansk and Poznan Construction

CONFIDENTIAL

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Administrations because it was not worthwhile to organize a separate administration for Koszalin. It is characteristic that the Party and People's Council authorities refused cooperation with the Szczecin Construction Administration, which is located very near and which had also a small amount of construction contracts, because of the old grievances and antagonism between the chairman of these two voivodship people's councils.

The Zielonagora voivodship is served by the Poznan Construction Administration. A special solution was accepted for Silesia and Opole voivodships which has a sufficient number of construction contracts, and the Ministry of Construction was willing to organize a separate Administration of Construction. However the Voivodship People's Council in Opole stated that it prefers to cooperate with the Silesian construction administrations in Katowice which are well equipped and have good engineers. The Silesian construction administrations were also willing to implement the Opole construction investments because the construction workers who work in Silesia where ^{there} is shortage of labor, ~~commute~~¹ in great numbers from the Opole region and are regarded as the best construction workers.

However the investment program of Katowice and Opole voivodship is very large and in 1957 constructions for which the Ministry of Construction was responsible exceeded about 2.4 billion zlotys. The practice shows that a construction administration works efficiently if its contracts are between 600 millions and 1,200 million zlotys yearly. For this reason the Silesian construction administration was divided in two separate administrations as listed on page 8, industrial, and urban construction administration.³ This is the only case that a regional administration was divided into industrial and urban (i.e. housing and general) construction. In general the principle of regional division of administrations and enterprises excludes the principle of division by specialization in construction work.

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The economic reason for regional division is that the construction administration and the enterprises subordinate to it implement all kinds of construction in a strictly defined area. According to the specialization principle, the administration implements only narrow and specific types of constructions in the entire country. The creation of regional construction administrations is a step towards decentralization. This is shown first of all by its location, not in Warsaw as it was until 1957, but in the capital of the voivodship. It means that the administration is serving its own area and not the whole country and therefore is more closely connected with the local problems of a voivodship or of a region embracing two or three voivodships. The voivodship committee of PZPR and the presidium of the voivodship people's council have much bigger influence than before on the activity of the administration and even on selection of personnel, although the construction administrations are subordinated to the Ministry of Construction.

This decentralization is not yet completed, it is only implemented half way. According to the initial concept, the voivodship construction administrations was to be directly subordinated to the voivodship people's councils, but the government was afraid that the presidia of people's councils would not be able to administer such large and complicated organizations. The voivodship people's councils do not press for it too much yet, they are waiting and demanding that the ministry equip these administrations with more machinery and good personnel, and when these administrations are stronger, ^ethan the presidia of voivodship people's councils will request their transfer.

In 1959, two presidia of the voivodship people's councils started to realize this plan. First is the Silesian voivodship in Katowice where people's council is strong and already able to manage the two Silesian construction administrations. The 1st Secretary of the Voivodship Committee of PZPR is Edward Gierek who is also

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a member of the Politbureau of PZPR since the III Party Congress in March 1959. He forced the transfer of the Silesian Administration of Urban Construction to the authority of the Presidium of the Voivodship People's Council in Katowice for the time being, upon trial.

The second case is in Lublin where the director of the construction administration, engineer Wyczolowski, was elected as vice-chairman of the Presidium of the Voivodship People's Council in Lublin and "betrayed" the Ministry of Construction by changing sides, and also forced, that upon trial, the Lublin Construction Administration will be subordinated to the Presidium of the People's Council in Lublin.

In ^{such} ~~case~~ cases the Ministry of Construction preserves only functional-technical supervision. The present solution is temporary and a partial compromise but it should be expected that beginning 1961:

a. The construction administrations will be organized in all voivodships, therefore they will be created in Zielona Gora, Olsztyn Bialystok, Opole and Koszalin.

b. A new Czestochowa Construction Administration will be created because the Silesian Construction Administration which at present serves Czestochowa area will be too big.

c. The construction administrations all over the country will be subordinated administratively to the Voivodship People's Councils and the Ministry of Construction will retain only the functional supervision.

The idea of regional construction administrations is right. There was no reason for the housing construction in Krakow to be under the management of a central administration located in Warsaw, for example, as it was in the past. It only increased bureaucracy.

Secondly the regional construction administration can organize establish-

CONFIDENTIAL

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ments and plants for auxiliary production and services (prefabricated elements plants, transportation depots, repair workshops for equipment, storage depots, etc.) which could serve the enterprises in the area much more effectively. In this way the construction work is more economical. Therefore it is some kind of regional centralization, but at the same time decentralization on the national level, and exploitation of advantages resulting from common services.

Finally the construction industry is in general not fit for centralized administration-from Warsaw and the decentralization in regions is fully justified.

The results of this reform are not yet satisfactory because it went only half way, as a compromise, and as a result there are at present internal organizational controversies. The most unpleasant is the role of management of an administration which is under pressure of two lords of the regional authority i.e. the voivodship committee of PZPR and presidum of the people's council of the voivodship, and at the same time has to obey orders received from the Ministry of Construction in Warsaw.

A typical construction administration controls about 10-13, but on average 12, construction enterprises, in most cases as follows:

- a. three to four enterprises, called association for urban construction
- b. one enterprise of sanitary installations
- c. one electrical installations enterprise

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- d. one or two industrial construction enterprises
- e. One transportation enterprise with depot
- f. one or two auxiliary production enterprises, ~~some of them~~ prefabricated elements enterprise or concrete elements establishment
- g. one equipment repair depot (workshop and a warehouse)
- h. one building materials depot (warehouse and workshops)

Not only is the number of enterprises more or less fixed, but also their size. For example the yearly construction plan amounts on average:

- (1) For one state urban construction enterprise (called sometimes association)
about 200 million zlotys
- (2) For one state industrial construction association " 200 " "
- (3) For one state sanitary installations enterprise " 100-120 m. "
- (4) For one state electrical installations enterprise
60 million zlotys
 - one state auxiliary production enterprise 30- 70 " "
 - one state equipment repair depot 20- 40 " "
- (5) For one state transportation depot 20- 40 " "
- (6) For one state central building materials depot for
services and maintenance without the value of
materials 20- 40 " "

It should be remembered that the comprehensive program of the administration does not include all above listed positions, only (1) + (2) + (4), because the urban and industrial construction enterprises act as general contractors and the other installation enterprises are sub-contractors. This means that their output is later counted in the output of the general contractor.

CONFIDENTIAL

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In other words if the yearly plan of e.g. an Urban Construction Association, amounts to 200 million zlotys, the association builds about 150 millions and for the rest hires subcontractors, like sanitary construction enterprise, electrical installations enterprise and pays for the upkeep and services of equipment repair depot, transportation depot and central building materials depot. The general contractor prepares the bill for the entire construction including installations and for this reason his total turnover includes also the turnover of the subcontractors. The list on page 13 shows that the total yearly output of a typical construction administration is the sum of the output of four to six construction associations subordinated to it, amounting from 800 to 1,200 million zlotys.

In addition the construction administration produces prefabricated elements and construction materials such as gravel, cinder blocks, staves, etc. for a value of about 30- 70 million zlotys. This production is called auxiliary, and not basic, construction-assembly production and is always counted separately.

All above mentioned figures are of course quoted only as ^a typical example and there can be differences in individual construction administrations. Nevertheless they were proved during several years experience which have shown that:

- a. If there are less than seven construction enterprises there is no reason to have a construction administration
- b. If there are more than 13 enterprises the construction administration is overloaded and loses the ability of coordination
- c. An urban or industrial association works economically within the limit 150- 250 million zlotys of general construction, of which at least for 100 but no more than 200 million zlotys is done by its own organization.
- d. The installation enterprises work most efficiently within 60 - 120 million zlotys total contracts yearly.

A question arises as to what ^a construction administration should do when it receives a contract to build on its territory a large project of a special character e.g. a large metallurgical work, hydraulic construction or a complicated

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plant. Usually the construction administration does not have among its own nine to 13 enterprises one large specialized enterprise for such unusual construction. In such case the administration hires one of the specialized enterprises subordinated to a national construction administration, such as "Mostostal", as subcontractor, or an enterprise subordinated to the Central Administration of Hydraulic Engineering Work or to the Central Administration for Industrial Installations, which will be described in the next paragraph.

B. The principles of the basic national construction-assembly production.

The national administrations of construction are based on different principles than the regional - voivodship construction administrations, namely they are organized on the principle of specialization, and they are called briefly specialized administrations. Each of them represents some special branch of construction and is a leading organization within this specialization. It occupies in this branch a monopolistic position not only on the basis of administrative order but because of its qualification and special machinery and equipment. As the formerly described regional administrations implement, in principle, almost exclusively general construction and industrial construction projects, so each of the specialized administrations implement different kind^s_^ of construction in which they cannot be replaced.

There is no doubt that the specialized construction administrations in Poland represent the highest standard of the construction, engineering and assembly art, and they are in many cases really on a very high technical level. Their engineers, master workers and highly skilled workers, as well as their special equipment are decisive for the technical progress of the construction-assembly production in Poland. They solved a number of basic new problems, they have their own methods of work and some tradition developed in postwar years. As the regional construction administrations organized in 1957 are young, the

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the specialized administrations are 10-15 years old with the exception of the Central Administration of Electric Power Plants which was organized in 1955.

There are the following six specialized construction administration^s
(continuation of numbers listed on page 8)

- (15) Steel Construction Administration "Mostostal" (Zarząd Konstrukcji Stalowych Mostostal)
- (16) Industrial Installations Administration (Zarząd Instalacji Przemysłowych ZIIP)
- (17) Assembly of Electric Equipment Administration (Zarząd Montazu Urządzeń Elektrycznych- ZMUE)
- (18) Engineering Work Administration (Zarząd Robot Inżynieryjnych-ZRI)
- (19) Hydraulic Engineering Work Administration (Zarząd Robot Wodno Inżynieryjnych-ZRWI)
- (20) Electric Power Plants Construction Administration (Zarząd Budowy Elektrowni-ZBE)

All of them have their head offices in Warsaw.

Steel Construction Administration "Mostostal"

This is the oldest state construction-assembly enterprise in Poland. It was organized in 1945 by the former Central Administration of Metallurgical Industry specially for the assembly of steel bridges, and not as a construction enterprise. It is no doubt the best state enterprise of the construction industry. It owes its position to the following factors: It was organized by the prewar Polish specialists Cezary Lubinski, an owner of a well known construction enterprise in prewar Poland, Baroⁿ Dangel, director and stockholder of the industrial concern Lewiatan, and Golebiowski, chief engineer of, the prewar steel work Huta Bankowa. Mostostal was based on personnel of the well known prewar company Rudzki & Co. The directors of Mostostal were invested with full power and the enterprise worked on a commercial basis. From 1945 to 1949 Mostostal collected a lot of machinery and equipment left by German^s, organized

CONFIDENTIAL

~~CONFIDENTIAL~~

a large repair depot where it was repaired, and has a good staff and good equipment and machinery. It constructed the Poniatowski bridge over Vistula in Warsaw in 1946 in almost one year, high tension electric network from Silesia to Lodz in 1947 in six months, and built the highest radio tower of 330m in Europe in Raszyn near Warsaw in eight weeks. It built all the larger steel bridges in Poland after WWII, and at present is building various construction projects in Egypt, Burma and other countries.

Mostostal has eight enterprises, among them one designing association, because it implements each construction project, either alone or controls them, and prepares the construction drawings and the method of assembling. It also has its own patents and methods of construction. The Soviet project for assembly of kilns for the cement factory in Wierzbica was replanned by Mostostal during a few weeks, and a new method of assembling the 150 meter long kiln was worked out, for which a state prize was awarded. Similarly, a method of lifting a previously constructed 140 meter ^{long} bridge in Czestochowa was developed, and in Nowa Huta Steel works, -a patent of Lubinski and Bergandi- the lift to the height of 30 meters is one of the most modern. Mostostal was ordered by the State Economic Planning Commission to prepare the yearly balance sheet of steel construction in Poland and it is the coordinating and planning agent in the field of steel construction. However the amount of steel allocated by the state for steel construction- yearly about 80,000 tons- is limited, so the Mostostal cannot expand any more. For this reason Mostostal started in 1951 to develop the construction and assembly of boilers, storage reservoirs for petroleum products etc. and organized a special enterprise for this purpose under the name "Montako" Assembly of Apparatus and Boilers in Bedzin. It has also one assembly enterprise for steel bridges in Warsaw, and four assembly enterprises for industrial installations (in Poznan, Krakow, Piotrkow and Zabrze).

~~CONFIDENTIAL~~

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In addition, in Wroclaw there is an assembly enterprise for refrigeration⁵ equipment. The construction assembly enterprise in Zabrze has an equipment depot in Zabrze which produces derrick cranes, and large crane installations and tower cranes. The total construction assembly plan of Mostostal amounts yearly to 900 - 1,000 million zlotys. Its head¹office is located in Warsaw.

Industrial Installations Administration

This administration builds hydraulic installations, assembly of compressed air pipes, pipes for boilers and similar industrial installations which can not be built or assembled by the construction-assembly enterprises subordinated to the regional construction administrations.

In many cases ZIP cooperates closely with above mentioned Montako, e.g. a high pressure boiler or smelting furnace is assembled by Mo⁵stako but water and steam pipes are assembled by ZIP.

ZIP controls 13 enterprises located in larger towns and each enterprise does almost the same type of assembly work. Also subordinate to ZIP is the Air-conditioning and Exhaust Equipment Enterprise which serves the whole country and is¹very important to the construction industry. It has three branches, in Warsaw, Krakow, and Katowice, and controls two plants for ventilation and air-conditioning equipment, one in Konskie and one in Chelmk in Lower Silesia. There is a third plant, still under construction, in Sluzewiec near Warsaw. It also has its own construction designing bureau. The yearly output of ZIP was 700 - 800 million zlotys in 1957 including the cost of materials, but it should be remembered that ZIP works only as subcontractor which means that its output is already counted once by the general contractor.

ZIP is regarded as a weak central administration, and works badly on the whole. This is caused by a poor executive staff and a shortage of experienced engineers and workers, but its main particular difficulty is the shortage of pipes and materials for industrial installation in Poland. It should be

CONFIDENTIAL

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mentioned that the poor efficiency of ZIP is the result of the assignment of some technicians by so called "social promotion", party members without experience or ability, as directors.

Administration for Assembly of Electrical Equipment

It controls 12 enterprises located in larger towns which assemble electrical equipment and machinery in factories. ZMUE was organized in 1951 and it is regarded as the second best administration after Mostostal mainly due to the merit of its director, diploma prewar engineer Korba.

ZMUE has its own construction-designing office and ^{uses} ~~uses~~ its original methods. It mastered the problem of automatic electric steering, unknown before in Poland, and in general its director has ambitions to convert the administration ^{to} in a company similar to Siemens in Germany or Westinghouse in USA. In other words he would like to manufacture electrical apparatus. However the electro-technical industry opposes this project, and the shortage of cables and copper slows the development of this administration. In spite of that the beginning of the operation of factory installations depends, to a large extent, on this administration which together with Mostostal, specializes in test trials and putting new plants into operation.

The yearly output of ZMUE amounted during the period 1957/1958 to about 800 millions, including the costs of materials, apparatus and expensive equipment. ZMUE always works as a subcontractor and its output is always included in the ~~output is always included in the~~ output of the general contractor.

Administration for Electric Power Plants Construction.

ZBE belongs to the strongest and best construction administration in Poland, and it is second or third after Mostostal and ZBUE. It was organized in 1953 and occupies a special place from the point of view of its organizational structure,

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The national administrations described before specialize in particular technical fields, e.g. in assembly of steel constructions, of industrial constructions or electric equipment, while ZBE has only one specialized investment field, and serves only one investor, the Ministry of Electric Power, which since 1957 merged with the Ministry of Mining.

ZBE does all kinds of construction connected with thermo-electric power plants, as well as the construction of buildings, engineering construction, and industrial assembly construction. Although it belongs to the national construction administrations, it is not specialized in technology of work but rather from the investment point of view. It has its own designing and planning office of construction projects, and its own methods of building electric power plants, e.g. assembly from prefabricated elements of 100 tons weight, and it leads in the field of technical progress.

In general, Poland is in the first place among eastern bloc countries as far as thermo-electric power plants are concerned, and a part of the credit for this is due to ZBE. The Administration for Electric Power Plants Construction has its own large equipment depot in Silesia where some installations for electric power plants are manufactured. ZBE controls three enterprises of the construction-assembly type, one of which has the name "Betonstal". It has also two assembly enterprises called "Energomontaz I" and "Energomontaz II", one enterprise, Termoizolacja (Thermal Insulating) and one enterprise for the assembly of cooling towers. Altogether, with a depot in Jaslowice in Silesia, and its own designing and planning office for construction projects, it controls nine enterprises and its total yearly output will amount to about 1,200 million zlotys in 1958-1960.

ZBE is a general contractor and its output is counted in the total output of the Ministry of Construction.

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At present ZBE is building such large electric plants as Konin of 480 MW, Turow with 1,200 MW, Blachownia, Lodz II, Bielsko, Tarnow, Siekierki in Warsaw, adding about 1000 MW of electric power to the national electric network, annually 1957-1960.

Director Rojowski asked in 1957 that ZBE become an investor, make designs, and buy machinery, etc., but the Ministry of Electric Power disagreed; ~~but~~ this is now causing some delay in the construction of electric power stations.

ZBE expects that its tasks will increase in connection with the development of ^a uniform electric power system embracing Poland, East Germany, Czechoslovakia and Hungary. During the XI Conference of the Committee for Mutual Economic Aid which took place in May 1959, in Tirana, Albania, it was decided according to Trybuna Ludu 17 May 1959 to build an electric power transmission line of 220 volts and more between Poland, Czechoslovakia, Hungary and East Germany, and another transmission line from Poland to Kaliningrad (former Königsberg) in the USSR during the period 1959-1964.

Administration for Urban Engineering Work

The four national construction administrations discussed above are mainly in charge of industrial constructions. ZRI builds streets, sewers, aqueducts etc.- the so-called communal or municipal engineering construction-- in towns and settlements which are ZOR investments.

ZRI controls seven enterprises and its yearly output as general contractor and as subcontractor amounts to about 800 million zlotys.

The construction enterprises belonging to ZRI are of medium quality and they implement a great number of medium and small construction projects. At one time it was planned to dissolve ZRI.

Administration of Hydraulic Engineering Work

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ZRWI was organized in 1951 from a former state enterprise known as "Hydrotręst", which had been a cooperative before nationalization of industry in 1947. It constructs inland waterways, canals, dams, dikes on rivers, locks, watergates, hydro-electric power stations, engineering construction in ports, shore constructions, water reservoirs, etc. It controls six enterprises called Association of Hydraulic Engineering Work (Zjednoczenie Robot Wodno-Inzynieryjnych-ZRWI) located in large towns Warsaw, Krakow, Gdansk, Szczecin, Wroclaw and Poznan. Because in past years the big program of water construction was postponed the ZRWI had to look for other work. It started drilling and foundation work^{and} organized a net of such enterprises. There are six such small enterprises located in various towns and subordinated to one Association for Drilling and Foundation Work (Zjednoczenie Robot Wiertniczych i Fundamentowych) which has its head office in Warsaw. (In this case the name of association is correct because it really unites six enterprises of the same type.) It carries out test drillings for difficult construction projects, for foundations, for water wells, geological research drillings on orders received from other enterprises.

The yearly output of ^{ZRWI}~~ZREW~~, which is mainly a general contractor, is about 900 million zlotys. As far as quality of work and technical ability is concerned, ZRWI is regarded as an administration of moderate excellence.

During 1961-1965 ZRWI will have important tasks in connection with the planned construction of an East-West inland waterway, which according to the CEMA resolution published in Zycie Warszawy on 13 June 1959, is to connect the Dniepr River with the Elbe River. The USSR is to build and improve the sector Dnieper-Pripet-Krolewski (Kings) Canal-Muchawiec, Poland the sector bug-Vistula- Notec-Warta-Oder, East Germany the sector through the German canals to the Elbe River. ZRWI is at present building the Zeran-Zegrze canal, the port in

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~~the~~ Zeran, a dam in Lomna near Warsaw on the river Vistula, and a dam on the Bug River in Debe. Further dams will be built in 1959-1960 in Wloclawek on the Vistula, and in 1961 in Granne on the Bug. It should be added that it was decided to build the inland waterway from the Baltic Sea through Elbe-Oder-Wag-Danube to the Black Sea, and Poland will have to improve the Odra river for navigation from Kozle (Cosel) to the Czechoslovak frontier near Bogumin (about 70km). in 1959 ZRWI started improvement of the Vistula River for inland navigation from Warsaw up to Myslowice, 80km West of Krakow. A dam also has been started in 1959 on the San River. All these works are of great importance for the Nowa Huta Steel Works, and for water connection of Silesia with Warsaw.

Remarks:

In connection with the hydraulic-engineering constructions described above, a question arises as to ^{how} the civil engineering construction will be organized. Presently, in 1959, there is a temporary and transitory situation. The former Central Administration of Civil Engineering Construction was closed in 1957 but its four enterprises:

Association for Civil Engineering Construction	Warsaw 1
" " " " "	Warsaw 2
" " " " "	Poznan
" " " " "	Bydgoszcz

still exist for some specific reasons.

Warsaw 1 and Poznan builds ~~builds~~ military airfields since 1950 to the present

Warsaw 2 builds secret petroleum depots

Bydgoszcz also builds airfields and petroleum depots, only smaller projects, After October 1956, the program of military airfields construction was curtailed and continued on a reduced scale. However the program of CZBIL which controlled the above mentioned enterprises, was organized only for the administration of these secret constructions, and had special personnel checked by security.

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Its output went below 400 million zlotys, and therefore it could not be maintained. For that reason, the Central Administration of Civil Engineering Construction (CZBLI) was dissolved but the enterprises remained on by request of the Ministry of National Defence and they retained their special equipment for the construction of airfields. At present these enterprises carry out constructions for the military, for the Central Petroleum Administration, and other tasks given to them in their field of civil engineering construction. They were subordinated to different administrations: Warsaw 2 to the North-East Construction Administration, Poznan and Warsaw 1 to the Hydraulic Engineering Work Administration, and Bydgoszcz to Pomerania Construction Administration. In connection with this, a change of name of the Hydraulic Engineering Work Administration to Administration of Civil and Hydraulic Engineering Construction was planned but the decision was suspended and it will depend on the following:

- a. Whether the program of airfield construction is to be increased during the Five Year Plan 1961-1965. No indication in the official publications have been found by the source to date, but this does not mean anything because these programs are secret.
- b. Whether the Ministry of Transportation, which builds concrete highways which are similar to airfield construction, will eventually take over the construction of airfields.

Summary concerning the national construction administration.

As it was described in this part, four of the six existing construction administrations are engaged mainly in industrial work, three of them in assembling work and one in construction (ZBE). The remaining two carry out engineering projects, one of them urban, and the other mostly hydraulic engineering.

There are also specialized exempted enterprises which will be mentioned later.

The national specialized construction administrations are decisive for the technic of the construction industry, because not the number of their projects but the complicated character secures for them a decisive position in the construction industry, and they determine principally the technical level of con-

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struction in Poland. Their decentralization is not foreseen. Although there are only six of them, they own half of all heavy construction equipment in Poland. Each of them represents an independent field of complicated construction. The operation of all new constructed factories and of key investment projects depends on the skill, knowledge and quality of work of these administrations.

Even if the regional construction administrations were some day subordinated to the people's councils, the Ministry of Construction and Building Materials Industry will still play a decisive role in the construction industry, having these specialized administrations under its control.

The unique personnel and equipment of these national specialized administrations is not replaceable. The most experienced specialists are there, and there is a tradition of engineering-construction art based on the tradition of their own tested methods, often formulated in their own construction designing offices. For this reason the national construction administrations are regarded as the avant-garde of the construction industry in Poland.

These national specialized construction administrations have particular significance for the delivery of complete industrial installations abroad. The contracts with foreign countries are made by the Export Center for Complete Industrial Installation CEKOP in Warsaw, subordinated to the Ministry of Foreign Trade, but this is only a commercial center which coordinates deliveries. The necessary construction and assembly work is carried out by the Ministry of Construction through the specialized construction administrations, and the machinery and equipment is supplied by the Ministry of Heavy Industry. Besides the Ministry of Construction, the Central Administration of Coal Mining Construction, subordinated to the Ministry of Mining and Electric Power is also engaged in various work and projects for foreign countries. For this reason the entire program of CEKOP is in great part the program of the Ministry of Construction, mainly of the national

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specialized construction administrations with Moststal on the top.

The most important of these CEKOP contracts were:

China - Flotation plant for coal... in the province Hunan. Yearly production capacity of 1,800,000 tons of coal. The plant is built by the Central Administration of Coal Mining Construction and is expected to be completed in 1959/60

- Coal flotation plant in Taijüan in the Shansi province of 2,000,000 tons yearly production capacity. It is already under construction
- Further negotiations are under way

It should be added that these are the largest coal floating plants in China, besides one under construction in Matou by USSR with a production capacity over 2,000,000 tons. Source Trybuna Ludu, 9 June 1959

The Central Administration of Coal Mining Construction is general contractor of the above mentioned flotation plants since a steel construction *plant* built by Mostostal in Piotrkow was taken away from the Ministry of Construction in 1955 and subordinated to the above mentioned central administration in connection with foreign contracts. Mostostal builds only a part of installations as subcontractor.

- Cement factory the construction of which was started according to Trybuna Ludu 9 April 195, in 1959. The Ministry of Construction is general contractor in cooperation with Pomeranian Machinery Establishments.
- Two sugar factories already in the last stage of construction

Vietnam- Two coal flotation plants of 2,000,000 tons production capacity each.

Construction was expected to start in 1959/1960 by the Central Administration of Coal Mining Construction.

- Repair depot for railway rolling stock will also be built, according to

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Trybuna Ludu 11 June 1959, by Cegielski Metallurgical Establishment in cooperation with Mostostal.

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Czechoslovakia

Gas concrete plant with a yearly production capacity of 180 million ceramic units will be built beginning 1959 by the Ministry of Construction as contractor.

East Germany

Gas concrete plant; the contract was not signed yet. The analysis of cement and sand is under way, and the construction will start without any doubt in 1959-1960.

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Albania- Textile factory in cooperation with USSR (Both projects under construction since 1955, designs and machinery from USSR)

Expansion of a port

USSR -10 gas concrete plants. Construction started in 1957, plants located mainly in Siberia, the total value of the contract about 300 million rubles.

-Several sugar factories for 23.5 million zlotys in foreign currency.

The construction together with East Germany (Diainvest-import) according to ZYCIE Warszawy of 22 June 1959.

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Bulgaria-Cement factory of 1,200,000 ton production capacity will be built beginning in 1959. Contractor Pomerania Machinery Establishments in Bydgoszcz and Ministry of Construction

- Gas concrete plant;contractor as above, construction starts 1959

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Bulgaria continued

- Two Glass factories
- Porcelain and Pottery Factory
- Two fireproof materials Factories

(Contractor Ministry of Construction
(in cooperation with the Ministry
(of Heavy Industry. Source:
(Trybuna Ludu, 26 April 1959

Yugoslavia-

25X1

- Naphtalene chemical plant of 700 tons yearly production capacity near Zagreb. Contractor the Ministry of Heavy Industry in cooperation with Ministry of Light Industry and Ministry of Construction Industry
- Gas concrete plant of 70 millions ceramic units capacity. Contractor the Ministry of Construction.

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Source: Zycie Warszawy, 12 June 1959.

North

Korea - Two coal mines, under construction

- Locomotives (steam engine) repair plant, under construction
- Housing settlements reconstruction, under way

[] this is not a complete list, but the above mentioned 16 countries are the main contracting parties. Trybuna Ludu, 15 February 1959, wrote that the total plan of the Export Center for Complete Industrial Installations (CEKOP) for the year 1959 amounted to 124 million rubles and embraced 15 foreign countries.

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CONFIDENTIAL

29

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A great part of these contracts are machinery and equipment and the rest the construction-assembly work, which is partly implemented by the Ministry of Mining and Electric Power through the Central Administration of Coal Mining Construction (CZBW), but mainly by the Ministry of Construction and Building Materials Industry through the national specialized construction administrations.

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